

NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY MEETING
FINANCIAL PERFORMANCE AS AT 30th June 2014

Date of the meeting	17/09/2014
Author	C Hickson, Head of Management Accounting and Financial Planning
Sponsoring Board Member	P Vater, Chief Finance Officer
Purpose of Report	To update members on the CCG financial performance as at 30 th June 2014.
Recommendation	The Governing Body is asked to Note the report.
Stakeholder Engagement	N/A
Previous GB / Committee/s, Dates	None

Monitoring and Assurance Summary

This report links to the following Strategic Principles	<ul style="list-style-type: none"> • Services designed around people • Preventing ill health and reducing inequalities • Sustainable healthcare services • Care closer to home 		
I confirm that I have considered the implications of this report on each of the matters below, as indicated:	Yes [e.g. ✓]	Any action required?	
		Yes Detail in report	No
All three Domains of Quality (Safety, Quality, Patient Experience)	✓		✓
Board Assurance Framework / Risk Register	✓	✓	
Budgetary Impact	✓	✓	
Legal / Regulatory	✓	✓	
People / Staff	✓		✓
Financial / Value for Money / Sustainability	✓	✓	
Information Management & Technology	✓		✓
Equality Impact Assessment	✓		✓
Freedom of Information	✓		✓
I confirm that I have considered the implications of this report on each of the matters above, as indicated.	✓		

Initials : PD

1. Introduction

- 1.1 The purpose of this report is to update Directors on the financial performance as at 30th June 2014 and the actions taken in delivering the financial control target agreed with NHS South of England for 2014.15.
- 1.2 The following areas are reported within this paper:
 - Appendix 1 - Dorset CCG Board Summary 2014.15
 - Appendix 2 - Dorset CCG Detailed Summary 2014.15
 - Appendix 3 – SWAST Conveyance Rates 2014.15

2. Overall Financial Performance

- 2.1 The final financial out-turn for the month ending 30th June 2014 is attached (Appendix 1), with supporting commentary on significant variances below. Dorset CCG has agreed a control target under spend with NHS England of £12,610K for 2014.15. This represents 1.31% of the total planned resource limit for 2014.15. The financial planning requirement from NHS England requires a target 1% delivery.
- 2.2 It should be noted that the CCG has experienced significant cost pressures since setting the opening budget within Continuing Health Care, Prescribing, Section 117, Community Equipment Store and increases in Emergency Admissions. This financial pressure significantly increases the risk in the delivery of the agreed control total of £12,610K for 2014.15.
- 2.3 During Q1, there have been significant pressures in Emergency Departments with all our acute providers, with conveyances into hospitals rising 10% to 15%. The CCG has commissioned ECIST (Emergency Care Intensive Support Team) from early September to focus on performance and quality aspects of Urgent and Emergency Care. Assignments typically include working with local health communities jointly to diagnose areas for performance improvement, supporting implementation planning and delivery. This team has been asked to review so we better understand the continued pressure seen within Emergency Admissions and A&E Attendances within Dorset and utilise learning where possible from other health communities.
- 2.4 At this stage the delivery of the control total has been highlighted as amber risk due to the anticipated financial pressures facing the CCG for 2014.15. This will be carefully monitored and this risk level could be subject to escalation when further intelligence has been received from providers and relevant agencies.

Acute Care

- 2.5 Pressure into A&E departments is at unprecedented levels. This has resulted in 100% bed occupancy at peak periods within the acute sector. Conveyance rates into A&E via ambulances have created additional pressures; Poole

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Hospital has experienced a 14% increase in conveyance rates. Conveyances at Poole Q1 have increased from 5776 in 2013.14 to 6586 in 2014.15.

- 2.6 Due to these pressures within A&E departments a summit with representation from provider and commissioners is also being arranged to have a deep dive into conveyance increases into A&E. If this level of conveyance rates is sustained there will need to be an impact assessment required to review capacity to ensure safe services for patients and the associated financial impact of any capacity changes. The CCG is working with SWAST to better understand the surge in conveyances seen in Dorset. It should be recognised that SWAST do consistently have one of the lowest reported non conveyance rates in England. Attached as appendix 3 is conveyance rates.
- 2.7 The CCG identified non recurrent operational resilience funds of £5M in 2014.15 for the development of transformational urgent care pilots and resilience winter plans. The Urgent Care Board (System Resilience Board) provides the governance for this process and Acute and Ambulance providers work as part of a collaborative membership to deliver approved schemes. These schemes are designed to provide resilience within the system to help manage this unprecedented pressure within urgent and emergency care.
- 2.8 As part of the Planning for Patients guidance the CCG has made available a £3.8M fund (part year effect for 2014/15) for the development of locality plans to support the development of frail older people. Funding will be released on authorisation of successful business cases through the Assurance Panel. This Panel will assess the business cases against the criteria included within the framework guidance 'Improving the Care for Older People' approved by the Governing Body at the meeting 21 May 2014. The membership of the assurance panel has been derived across a wide range of professionals including general practice, quality and finance.
- 2.9 The total value of emergency activity included within current 2014.15 contracts equals £138,711M or 28% of acute spend. If emergency activity was to grow in line with Poole Hospital conveyance rates of 14% this would represent a significant financial risk for the CCG.
- 2.10 Dorset CCG referral rates are closely monitored through the year at a practice and locality level. Referral rates grew in 2013.14 at 4.5% compared to previous years. Growth in GP referrals will crystallize as part of the 2015.16 contracting setting process and represents a risk of a stepped increase in acute care costs.
- 2.11 GP Referrals at 30th June 2014 are showing 2.6% increase compared to a 2013.14 baseline. However due to recalculation comparing actual working days available year to date for 2014.15 there is an increase of 4.2% per day comparing 2014.15 to 2013.14. It should be recognised this is an early indicator and the trend will be clearer once month 4 data is available.
- 2.12 Reducing GP referrals by 1% forms part of the CCG QIPP delivery against a baseline of 4.5%. Current indications for 2014.15 show a rise in referrals

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specifically for Salisbury and Poole Foundation Trusts. Non NHS provider New Hall is showing substantial reduction in referrals at this early stage in the year of 14.1%, this has been validated as correct by the Performance team.

- 2.13 At the time of writing this report detailed performance information is available for June 2014.

Royal Bournemouth & Christchurch Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th June 2014 for the Dorset CCG does represent an over spend against activity at marginal rate of £323K. This extrapolated represents a £1,295K potential risk for 2015.16.</p> <p>Day case and elective activity is the main area of concern at this stage. Musculoskeletal is over plan this is being driven primarily by total knee replacements and hand procedures being notably over plan. These specialties were below plan in 2013/14.</p> <p>The start of 2014.15 has also seen a notable rise in emergency department attendance with the current level of activity 6% higher than in 2013.14 quarter 1.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		<p>£0</p>

- 2.12

Poole Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th June 2014 for Dorset CCG does represent an over spend against activity at marginal rate of £404K. This extrapolated represents a £1,616K potential risk for 2015.16.</p> <p>GP Referrals rates into this provider are seeing significant growth of 5% based on 2013.14 and Fast Track referrals running at 17%. Significant levels in general/breast surgery, dermatology, ENT and cardiology attendances are the main contributors to over planned levels. Emergency admissions are also very high at 4% above 2013.14 levels.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		<p>£0</p>

2.13

Dorset County Hospital NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th June is an over spend at marginal rates of £71K.</p> <p>Emergency admissions remain above contracted levels in June. GP Referrals are 2.4% above the 2013.14 baseline. Outpatient first attendances are showing pressure particularly in Orthopaedics. Pressure is mounting in the Non-PbR drugs, in particular Cytokine Modulators</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		<p>£0</p>

2.14

South Western Ambulance NHS FT (SWAST)	Trend	Year End Forecast
<p>Red 1 has been included within the contract for 2014.15 with a penalty for non-delivery. The Quality Premium for 2014.15 requires delivery of the Red 1 target that 75% of Red 1 calls are responded within 8 minutes trust wide. This target attracts 25% of the total Quality Premium available.</p> <p>Handover delays continue to be a challenge for Providers and Commissioners. The CCG has the contractual ability to pass through these fines to the relevant acute providers. These fines have been capped at £50K with SWAST. Currently Royal Bournemouth and Poole Hospitals are performing poorly against handover delay targets.</p> <p>Dorset CCG is working very closely with providers via the Urgent Care Board/System Resilience Board to identify transformational ways of working within Urgent and Emergency care. Pilot schemes that have been identified through the Urgent Care Board have been funded non-recurrently. The outcome of these pilots would be used to inform future commissioning decisions and the development of the Urgent & Emergency Care and Frail Elderly strategy.</p> <p>The Q1 data is available and the trust has delivered its Red 1 target as trust wide 75.5%. The 999 contract is running trust wide as 3.12% above plan and within Dorset CCG as 2.24% above plan. This is being managed within the existing financial envelope of the contract.</p>		<p>£0</p> <p>Block Contract for 2014/15</p>

2.15

Salisbury Hospital Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 30th June 2014 for Dorset CCG does represent an over spend against activity of £38K</p> <p>Salisbury has recently transferred to a new data capture system which has produced live data for April & May. There have been significant challenges in the reconciliation of data to the previous system and the Dorset CCG performance team is working closely with Salisbury to better understand the challenges. Currently DCCG have challenges in place for data quality totalling £72K.</p> <p>It should be noted the current activity reports do continue to include unusual spikes in coding which are being investigated.</p> <p>GP referrals at 30th June are running at 13% above 2013.14 baseline levels. These high levels of referrals are of major concern financially.</p> <p>The contract has been agreed with a risk share for over/under performance where 50% of variances greater than £200K will be paid.</p>		£0

2.16

Yeovil Hospital NHS Foundation Trust	Trend	Year End Forecast
<p>The Trust position as at 30th June 2014 for Dorset CCG does represent an under spend against activity at marginal rate of £3K.</p> <p>The largest area of concern is elective admissions. Over contract is mainly seen in Musculoskeletal.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		£0K

2.17

University Hospitals Southampton NHS FT	Trend	Year End Forecast
<p>The Trust position as at 30th June 2014 for Dorset CCG does represent an over spend against activity at marginal rate of £149K. This extrapolated represents a £896K potential risk for 2015.16.</p> <p>The majority of this over expected contract level falls within adult critical care. The CCG is working with NHS South CSU who lead on the contract reporting to fully understand the existing trends and current financial risks.</p> <p>However, overall the contract remains within the financial tolerances assumed for 2014.15.</p>		£0

Primary Care – Practice Prescribing

2.18

Practice Prescribing	Trend	Year End Forecast
<p>The forecast for GP Prescribing is based on the data included within the PMD (Prescribing Monitoring Document) report published by the PPD (Prescription Pricing Division). At this early stage in the financial year this information is not available at the time of writing this report. We are expecting the first PMD forecast for Dorset CCG to be available at the end of August 2014.</p> <p>Practices have been working hard against action plans identified through the previous QIPP agenda to target particular drug spending areas. Saving plans that impacted in 2013.14 will need to continue into 2014.15 for Dorset CCG.</p> <p>There are a number of expected cost pressures for 2014.15. The most significant being the newer anticoagulants. Usage is increasing and the national picture suggests a tipping point, after which usage will grow exponentially. There is a future risk for the CCG that spend in this area could reach £2M if these drugs become more widespread and start to significantly replace the use of Warfarin. The CCG Medicines Management Team is monitoring the position closely.</p> <p>Although we are currently reporting a breakeven position, early estimates suggest that the budget is likely to be</p>		£0

<p>overspent by £565K.</p> <p>This is based on an estimate of growth in prescribing from the Chief Pharmacist at 2.5% on 2013.14 outturn. The current investment for growth in the prescribing budget is 1.97% (£2,122K) on 13.14 outturn as an result of a large increase in the year end forecast from the month 9 position that the 14.15 opening budget was based. This increase was due to generic savings actually achieved being less than the levels the Department of Health forecast.</p> <p>The Chief Pharmacist has requested an additional investment of £565K in the prescribing budget to bring this in-line with 2014.15 out turn and a managed 2.5% growth assumption. This has now been approved by the Governing Body and Chief Finance Officer. This will be reflected by a budget adjustment in the July position.</p>		
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Locality Devolved Budgets

2.19

Locality Devolved Budget	Trend	Year End Forecast
<p>The Locality Devolved Commissioning Budget forms part of a £1.2M non-recurrent fund for 2014.15 apportioned by GP Practice registered population. This fund is used to support Locality Schemes identified and supported by each locality.</p> <p>Localities have been working in partnership with Local Authorities to develop partnership locality schemes.</p> <p>Finance will be working very closely with locality managers and Review Design and Delivery in the development of a refreshed Locality Devolved Commissioning guidance document for 2014.15. The latest version is with the Deputy Director of Finance for approval. This aims to apply a simple set of principles to aid the decision making process.</p> <p>Reports will be provided to the Audit and Quality Committee on request detailing all schemes to allow an Audit and Quality overview and assurance.</p>		£0

Continuing Care

2.20

Continuing Health Care (CHC)	Trend	Year End Forecast
<p>The over spend reported in 2014.15 relates to the cost pressures that were identified between M9 2013.14, when the budget was set for 14.15, and M12. These pressures included:</p> <ul style="list-style-type: none"> • Patients agreed with no care package on Caretrack therefore spend was not forecast for 2014.15 Actions: Fortnightly process introduced to ensure clinical team check packages correctly included on Caretrack • Fee negotiation with Craegmoor Actions: Commissioning team to feed intelligence to finance on a monthly basis on fees charged • High cost spinal cases Actions: Patients being monitored by Operational Managers • PHB patient that is not logged on Caretrack (now forecasting manually) Actions: Audit currently being undertaken in conjunction with PHB team • An error on Caretrack where numerous packages were unpaid Actions: Issue being raised with Caretrack and reports being investigated monthly • FNC uplift (1%) <p>Also when the budget was set for 2014.15 the 5% uplift was not applied to FNC, this was given a flat cash settlement. CHC forecast outturn now contains the impact of the live Previously Unassessed Period of Care cases and the FNC assessment project.</p> <p>In the last quarter of 2013.14 CHC experienced increasing levels of growth. This has resulted in a challenging budget settlement for 2014.15 which will need to be very carefully managed. Finance will be working very closely with CHC throughout 2014.15 to deliver an improvement plan.</p> <p>As part of this the CCG has been working with Wiltshire CCG</p>		£1500

<p>and Somerset CCG, to review respective approach to CHC including operational procedures. This also provides an opportunity to explore whether there are further actions that could mitigate the growth in the spend area, whilst continuing to work within the national framework. Site visits have also been set up as part of this approach.</p> <p>There has been a change in leadership within the department which provides a refreshed focus to deliver efficiencies where possible. That said it should be recognised CHC remains a very challenging area financially for Dorset and extremely high financial risk for the CCG.</p>		
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Dorset Integrated Community Equipment Service

2.21

Dorset Integrated Community Equipment Service	Trend	Year End Forecast
<p>Due to the increase in Care Closer to Home strategies being implemented increased costs are being seen in community equipment prescribing.</p> <p>Over spends are also being driven by changes in clinical practice concerning tissue viability and pressure care.</p> <p>The CCG will need to consider investment within this service for 2014.15 to support working strategically with Local Authority partners to deliver the new care models including the provision of virtual ward models of care in the community.</p>		£425K

Partnership Agreements MH & LD

2.22

Partnership Agreements – MH & LD	Trend	Year End Forecast
<p>Mental Health and Learning Disabilities over spend relates to S117 placements. Anyone who has been detained in hospital under sections 3, 37, 45A, 47 or 48 is entitled to free aftercare under S117 at any time after they leave hospital.</p> <p>The CCG has a legal duty to fund this aftercare jointly with the local authority and both partners are experiencing increasing growth in numbers.</p> <p>One area of work that the CCG is pursuing is ensuring that, when clinically appropriate, people are discharged from their Section. The forecast is based on expected growth within sector 117 placements based on all available data and previous trends.</p>		£1,113K

Non NHS Contracts

2.23

Patient Transport Services (PTS)	Trend	Year End Forecast
<p>Commissioners have been working very closely with current PTS provider to fully understand and manage capacity issues. Commissioners are in the process of agreeing further quality performance indicators against marginal rate payments.</p> <p>It was expected that as the eligibility criteria is enforced by acute providers activity will reduce. Patient transport providers will be working with the acute sector and commissioners to provider eligibility education and improve awareness. The PTS provider has been offered assistance by the Performance team to review its data reporting. One aim is to use PTS data to inform Trusts on their performance of abandon rates and eligibility enforcement. This process should increase medical eligibility awareness within the acute and community sectors and improve efficient utilisation of the PTS service.</p> <p>In May a Finance and Information Group (FIG) was formed which will provide a monthly forum for activity to be discussed in detail by provider and commissioner. The CCG finance and performance team will monitor very closely registered patient, abandonment rates and cross boarder recharges as part of a wider finance and performance focus.</p>		<p>£0</p>

2.24

New Hall, BMI & Spire Healthcare Non NHS Contracts	Trend	Year End Forecast
<p>The CCG experienced considerable growth in quarter four within BMI and New Hall Hospital. The opening budget is based on month 9 performance. Increased activity is being driven by the Choice agenda and access times offered by these providers.</p> <p>At this early stage in the financial year all early indicators suggest this trend will continue.</p> <p>BMI is currently overplan within elective and day cases for activity relating to musculoskeletal and eyes. New Hall is over plan mainly in spinal activity.</p>		<p>£526K</p>

NHS Non Contract Activity

2.25

NHS Non Contract Activity	Trend	Year End Forecast
<p>The CCG experienced considerable growth in quarter four within NHS Non Contract Activity. The opening budget is based on month 9 performance.</p> <p>Higher than expected activity was experienced due to Dorset registered patients choosing to access services and emergency admission with Oxford University Hospital and University Hospital Bristol specifically.</p> <p>A monthly analysis for NHS Non Contract Activity will be produced for 2014.15 highlighting key risks. This is currently in testing phase and will be published online as part of the monthly reporting routine.</p>		£110K

Enhanced Services

2.26

Leg Ulcers	Trend	Year End Forecast
<p>The ambulatory leg ulcer service, which is delivered mainly by General Practice (circa 70%) and the remaining population by Dorset Healthcare, was commissioned under new arrangements late in 2013.14 in recognition that this is not a core GMS activity.</p> <p>The funding of this service was agreed following the agreement of a business case at the Clinical Commissioning Committee (CCC) and through the prioritisation process. It was brought to the attention of the CCC that the financial business case, which informed the budget and used notional activity estimates. These estimates held some risk to the financial plan as there was limited robust activity information available. A range of sources was used to inform the activity plan.</p> <p>Claims from General Practice in Q1 are indicating higher activity and therefore cost than estimated. These claims are in the process of routine validation. Once this has been completed, if the position indicates a likely over spend then it is proposed that a paper is taken to the CCC to highlight the issues and consider a range of options to address this.</p>		£416K

Resource Limit

2.27

Resource Limit	Trend	Year End Forecast																		
<p>The resource limit as at 30th June 2014 is £960.586M which has been confirmed with NHS England. We actioned the following adjustments in June 2014 as follows:</p> <table> <tr> <td>GP IM&T</td> <td>£1,965K</td> </tr> <tr> <td>Glaucoma LES</td> <td>£28K</td> </tr> <tr> <td>CHID</td> <td>-£43K</td> </tr> <tr> <td>PHT Dental</td> <td>-£367K</td> </tr> <tr> <td>PHT Specialist</td> <td>-£239K</td> </tr> <tr> <td>DHUFT Diabetic Screening</td> <td>-£18K</td> </tr> <tr> <td>DHUFT Eating Disorders</td> <td>-£445K</td> </tr> <tr> <td>DCHFT Critical Care</td> <td>-£779K</td> </tr> <tr> <td>DCHFT Chemotherapy</td> <td>-£597K</td> </tr> </table> <p>The above adjustments have been confirmed with NHS England as correct.</p>	GP IM&T	£1,965K	Glaucoma LES	£28K	CHID	-£43K	PHT Dental	-£367K	PHT Specialist	-£239K	DHUFT Diabetic Screening	-£18K	DHUFT Eating Disorders	-£445K	DCHFT Critical Care	-£779K	DCHFT Chemotherapy	-£597K		£0
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Other Financial Targets

2.28 The BPPC (Better Payment Practice Code) requires NHS organisations to pay 95% of all invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The payment performance at 30th June 2014 shows a 96.9% cumulative performance for NHS invoices and 98.3% for non-NHS invoices.

3. Conclusion

- 3.1 The CCG faces extreme financial risk in delivery of its NHS England agreed control total of £12,610K. This is mainly due to continued growth within CHC, Section 117 placements, growth in community equipment prescribing, risk in prescribing and continued growth in GP referrals rates. The 4.5% net growth in GP Referrals rates into the acute sector seen in 2013.14 is not sustainable moving forward.
- 3.2 Finance and Performance teams within the CCG will continue working very closely with the localities in the development of referral management and financial monitoring system. These systems not only look at referral patterns but also the associated financial impact. Business Intelligence has developed in partnership with Somerset CCG the Dorset Information Dashboard which has been offered to every practice within Dorset CCG. Uptake for this commissioning intelligence tool has been high.
- 3.3 At this early stage in the financial year the delivery of the control total has been flagged as amber risk. The financial challenges and the movement

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already seen in 2014.15 are considerable and the CCG will need to maintain a strong financial grip to ensure that the financial control total for 2014/15 is achieved.

- 3.4 Emergency admissions and GP referrals in the East are running at high levels which could crystallise in the 2015.16 contracting process. At the current rate of growth seen within the acute sector this will be extremely challenging to establish a balanced budget in 2015.16 without the need for service redesign. This further supports the requirement of the Clinical Services Review.

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Date : 31 July 2014
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APPENDICES	
Appendix 1	CCG Board Summary 2014/15
Appendix 2	CCG Detailed Summary 2014/15
Appendix 3	Conveyance Trends Q1 Comparisons